

## **1992 MILITARY PROMOTIONAL PROGRAMS**

### **MILITARY MULTI-BRAND FULL PRICE PROMOTION**

- This ongoing program is designed to increase/maintain the sale of RJRT "full price" brands, respond to competitive activity, new brand introduction, and special military sales in military carton outlets throughout the year.
- As the Operating Plan positions, the priority focus is to emphasize "Full Priced Brands."
- As necessary, RJRT "full priced" brands should be couponed to match competitive brand couponing, but not priced lower.
- The "full priced" category continues to decline in this market. In fact, "savings" volume is larger than "full priced" volume, our most profitable category.
- \$2.00, \$3.00, and \$4.00 multi-brand coupons are authorized for this program.
  - Use the "Account Specific Marketing" planning process in every call.
  - The \$4.00 coupons must only be used to efficiently and effectively respond to like competitive activity.
  - Profit and budget management/monitoring must be kept in mind when executing this program.

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### Competitive Couponing

- Utilize the Account Specific Marketing planning process in every call.
  - Coupon RJRT brands at parity to competitors to a maximum \$4.00 off a carton.
  - Ensure RJRT "full price" brands are defended against competitive brand promotion.

### Military Sales

- Throughout the year, the military chains conduct their own in-store promotions. Sales dates can be obtained at store level.
- These sales offer you an opportunity to sell extra "full priced" brands.
- These promotions are advertised within the military media, and by the chains themselves. Customer support and traffic is usually quite high.
  - Ensure sufficient quantities of RJRT brands are available, and if needed, promoted in support of the sales.
- It is recommended the lower denomination coupons be used for these sales.

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### New Brand Introduction

- When RJRT new brands are introduced, and no brand specific coupon activity is announced for military carton outlets, utilize multi-brand coupons to obtain distribution and to create consumer awareness.
- Respond to competitive new brand entries to defend comparable RJRT brands' business.

### Implementation

- The screens listed below appear in the S.I.S. for reporting military multi-brand coupons that are charged against this program's budget.

MIL MB \$2.00 FP  
MIL MB \$3.00 FP  
MIL MB \$4.00 FP

- "Military Multi-Brand Full Price Promotion" budgets are assigned by your Regional Manager.
- Special "Military Multi-Brand Full Price" coupons in \$2.00, \$3.00, and \$4.00 increments are available through the Sales Materials System.

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## MILITARY SAVINGS BRANDS PROMOTIONS

### DORAL

- We will follow the "1993 RJRT Sales Department Operating Principles" for promoting Doral in the military, with the exceptions as noted below. Reference the "Savings Brands" section of that document.
- Due to military price structures, our company profitability comparisons are different in this market segment, versus the civilian market.

### IMPORTANT!!

#### Carton Couponing

- The only authorized coupon amounts for military accounts are:

Carton \$1.50 \$2.00 \$2.50 \$3.00

- At the current military pricing, the company operates at a loss if couponing exceeds \$3.00 off a carton on Doral.
- The \$3.00 coupon should only be used until Monarch is positioned properly and consumer purchases reach acceptable levels. Once Monarch is established, you should return to the lower denomination coupons. This to follow our "portfolio management strategies" for our "Savings Brands."
- Use regular Doral carton coupons when promoting in the military.

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### VPR's/Buy Downs

- Due to current costs and profitability, pack couponing for Doral is not authorized at this time.
- However, use VPR's/Buy Downs in military package outlets.
  - VPR/Buy Down Doral to a maximum of \$.20 per package.
  - If \$.20 per pack is exceeded on Doral, the company loses profits.

### MAGNA/STERLING

- Follow the 1993 RJRT Sales Department Principles for promoting Magna/Sterling in the military, with the exceptions as noted below. Reference the "Savings Brands" section of that document.
- As with Doral, current military price structures and profitability limit the coupon dollar amounts for these brands.

### IMPORTANT!!

#### Carton Couponing

- The only authorized coupon amounts for military accounts are:

Carton \$1.50 \$2.00

- \$2.00 off a carton is the maximum amount due to pricing, cost allocations, and profits.

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- Use the \$2.00 coupon until Monarch is established and consumer purchases reach acceptable levels. Return to the \$1.50 coupon to follow our "portfolio management strategies" for our "Savings Brands."
- Funding for Magna/Sterling coupon promotions come from the "Savings Segments Budget."
- Use regular Magna/Sterling carton coupons for this promotion.

#### VPR's/Buy Downs

- Pack coupons are not authorized at this time.
- Use VPR's/Buy Downs in military package outlets.
  - VPR/Buy Down Magna/Sterling to a maximum of \$.20 per package.
  - If \$.20 per pack is exceeded, the company loses profits.

#### MONARCH

- Introduced to the military this year, Monarch is positioned using the "everyday low price" strategy.
- Due to the current list price for this product, coupons VPR's/Buy Downs are not authorized.
- The growth of competitive products in this "low-end" segment necessitates Monarch's entry. Strive to secure as many brand styles as appropriate.
- Follow the "Operating Principles" for our Savings Brands.

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- Use the "VPR Gun" to place stickers on carton end panels to promote Monarch "everyday low price" in commissaries and exchanges.
- Monarch's Price Schedule for military accounts is different from civilian accounts. Reference information previously provided for prices, etc., on current Military/Institutional Price List with a 1993 date.

**SPECIAL NOTE - VERY IMPORTANT**

- The same Savings Brands Hand Held screens available for reporting Doral, Magna and Sterling coupon/VPR/Buy Down placements in the "civilian market" are to be used for reporting placements in the military market.
- It is vitally important that all military accounts be classified in the S.I.S. correctly. The "M" call classification so designates military calls. Ensure your military calls are classified correctly.
- Likewise, ensure all entries for coupons placed in military calls are reported in ("M") military calls, and not civilian market retail calls. This to include Hand-Held and the Part-time Scanning System entries.

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## EXCHANGE INITIATIVE PROGRAM

This successful package program is being offered again to military "Package Action" outlets.

### Strategies

- The Exchange Initiative Program should be offered to all appropriate exchanges that sell package cigarettes.

### Permanent Display/Contract

- The below listed screens appear in the hand-held unit in the "Package Display Contract" section:
  - MPA (Small Counter)
  - MPB (Large Counter)
  - MPC (Floor Unit)
- Additional copies of the contract should be made for customer signature; and retain original signed contract in appropriate division files.
- Sell the permanent floor display unit to all appropriate Navy, Marine Corps, and Coast Guard Exchanges locally. Sell the counter display for lower volume stores, or as an alternative.
  - It is recommended one of the "Preferred Presence" units be used for counter and floor display placement. The "System 3" floor stand kit, or our new Dimension-4 Sales Promotion System, are alternatives you may choose to select.

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### **Temporary Display Program**

- At this time, AAFES has chosen not to authorize our permanent program. AAFES Headquarters announces two-week temporary display dates. As these dates are received, same will be provided to you for implementation locally. Premiums, etc., will be designated by local RJR Reps.
- Payments for displays placed in AAFES stores are made to their Headquarters. Appropriate payment screens and instructions will be provided.

### **Premiums/Coupon Allocations**

- Utilize premiums, coupons, etc., from your Division Work Plan allocations.

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**4. Selling to Institutions**

A Purchasing Agent or store personnel at the Institution, normally purchase product needs. As noted above, several states permit direct purchases from RJRT. However, the majority of states only allow institutions to purchase product from local jobbers and distributors with state taxes.

These local jobbers/distributors can be a valuable resource, and assist in securing expanded distribution and working promotions. It is suggested all division/district jobbers be contacted to determine if they supply institutions.

**5. Promotion**

RJR periodically offers special promotions to all institutions in the United States. The next pages detail our "Savings Brands" Institution Promotions.

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### **1993 SAVINGS BRANDS INSTITUTIONAL PROMOTIONS**

- Doral, Magna, and Sterling will be promoted in city/county jails, state prisons, Federal penitentiaries, and other institutions.
- As with Military Promotions, follow the 1993 "Operating Principles" strategies.

### **SPECIAL NOTE**

- The same Savings Brands hand held screens available for VPR/Buy Down placements in the civilian market are to be used for reporting placements in institutions.

### **Budgets**

- Funding provided as part of the "Savings Segment" budget.

### **Payment Procedures**

- Follow procedures as outlined in "Temporary Payment System." If payment is made through the office P.C., then promotion activity should be posted as instructed.

### **"BEST VALUE"**

- Best Value is available to institutional accounts, direct and non-direct.
- Use the current "Forsyth Products Program" available in your area.

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## **"MONARCH"**

- **Monarch is not available to direct institutions at the Military Price Schedule.**
- **Obviously, "Monarch" is available to institutions when purchased from a civilian direct account, where the current "Forsyth Products Program" has been offered to that civilian direct account.**
- **Many divisions have had outstanding success in selling "Best Value" and "Monarch" to institutions.**

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